

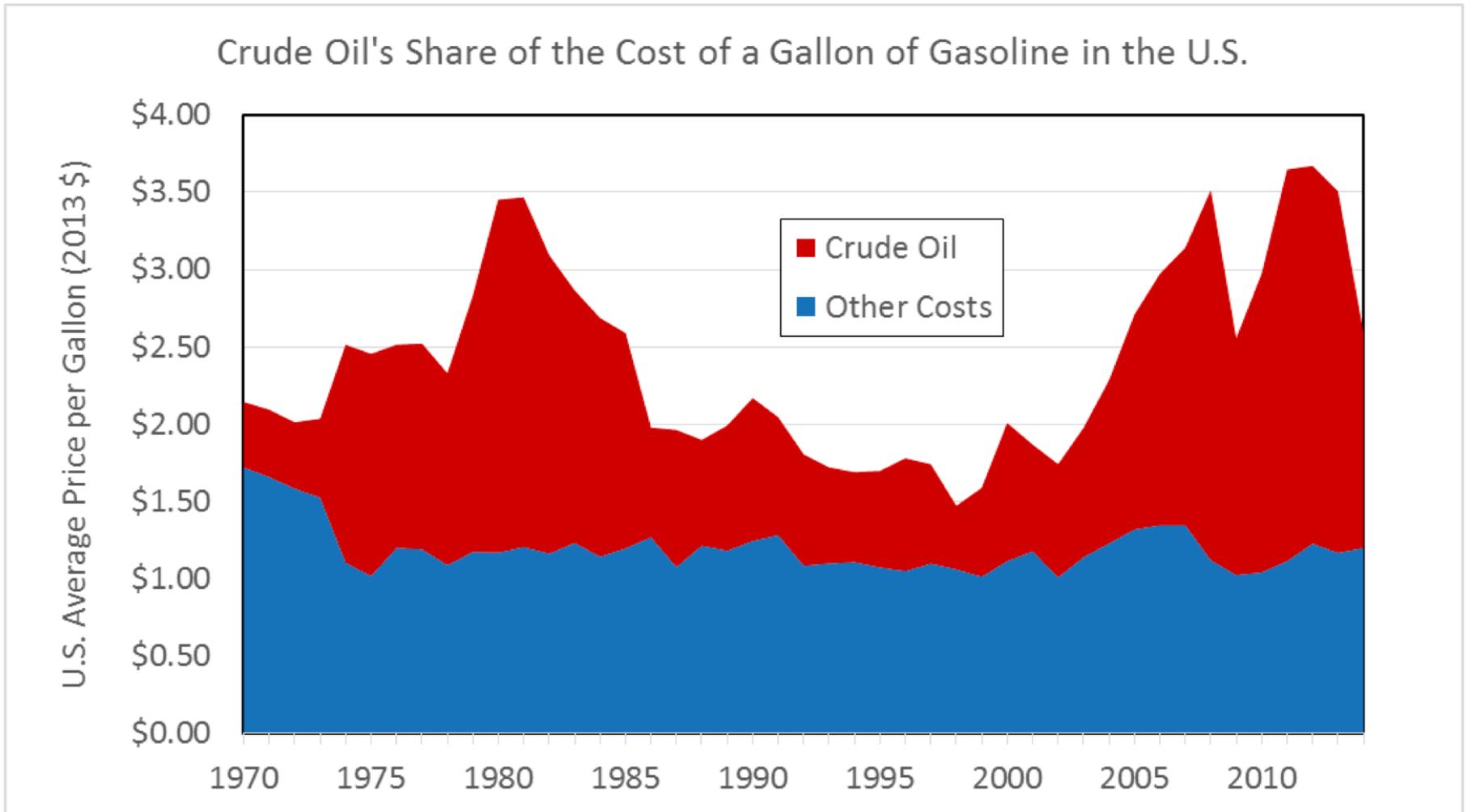
Cheap Gasoline: What does it mean?

David L. Greene

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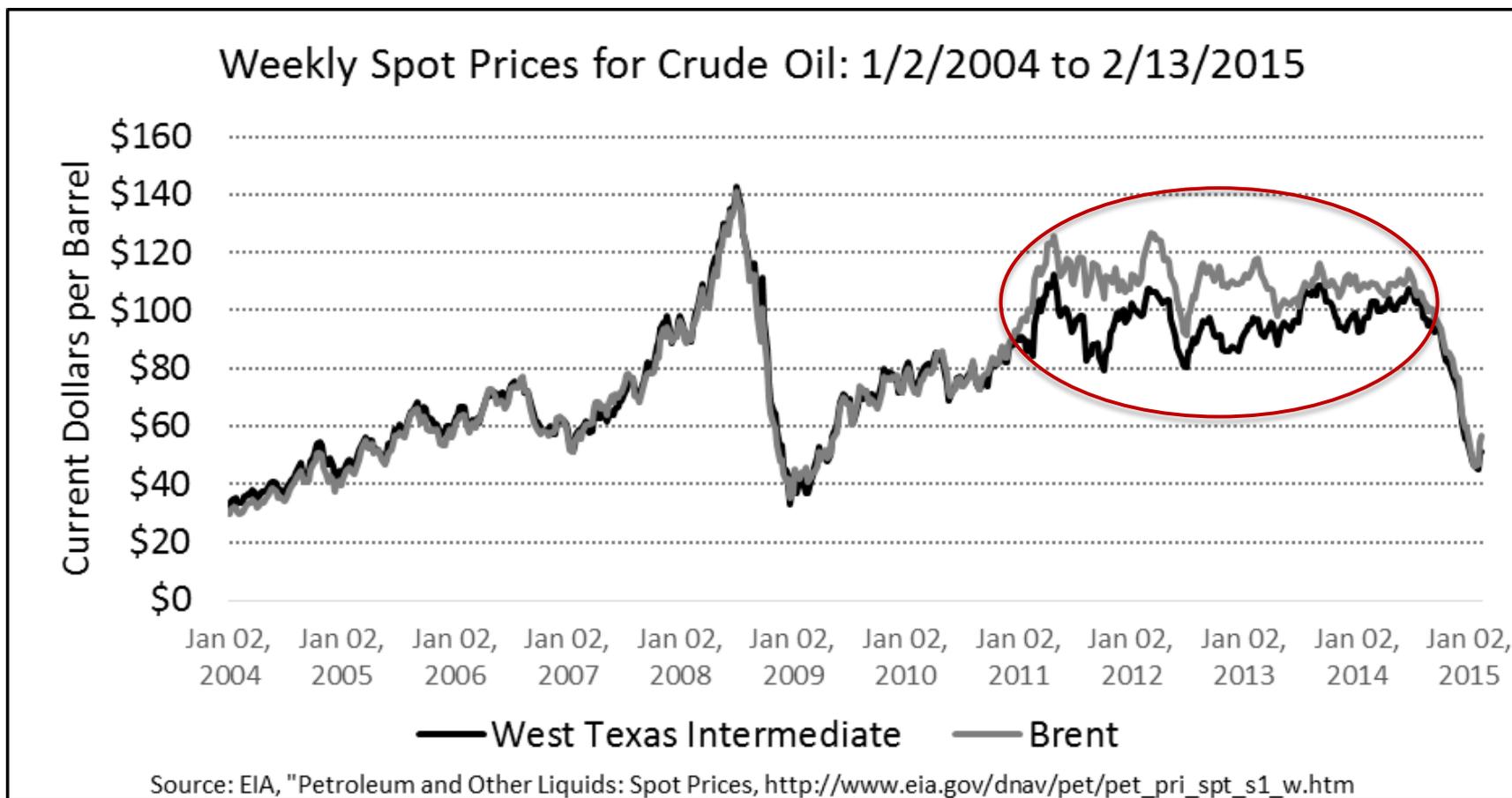
Clean Cities Strategic Planning Meeting
February 25, 2015
Washington, DC

What makes gasoline prices rise and fall? It's CRUDE.



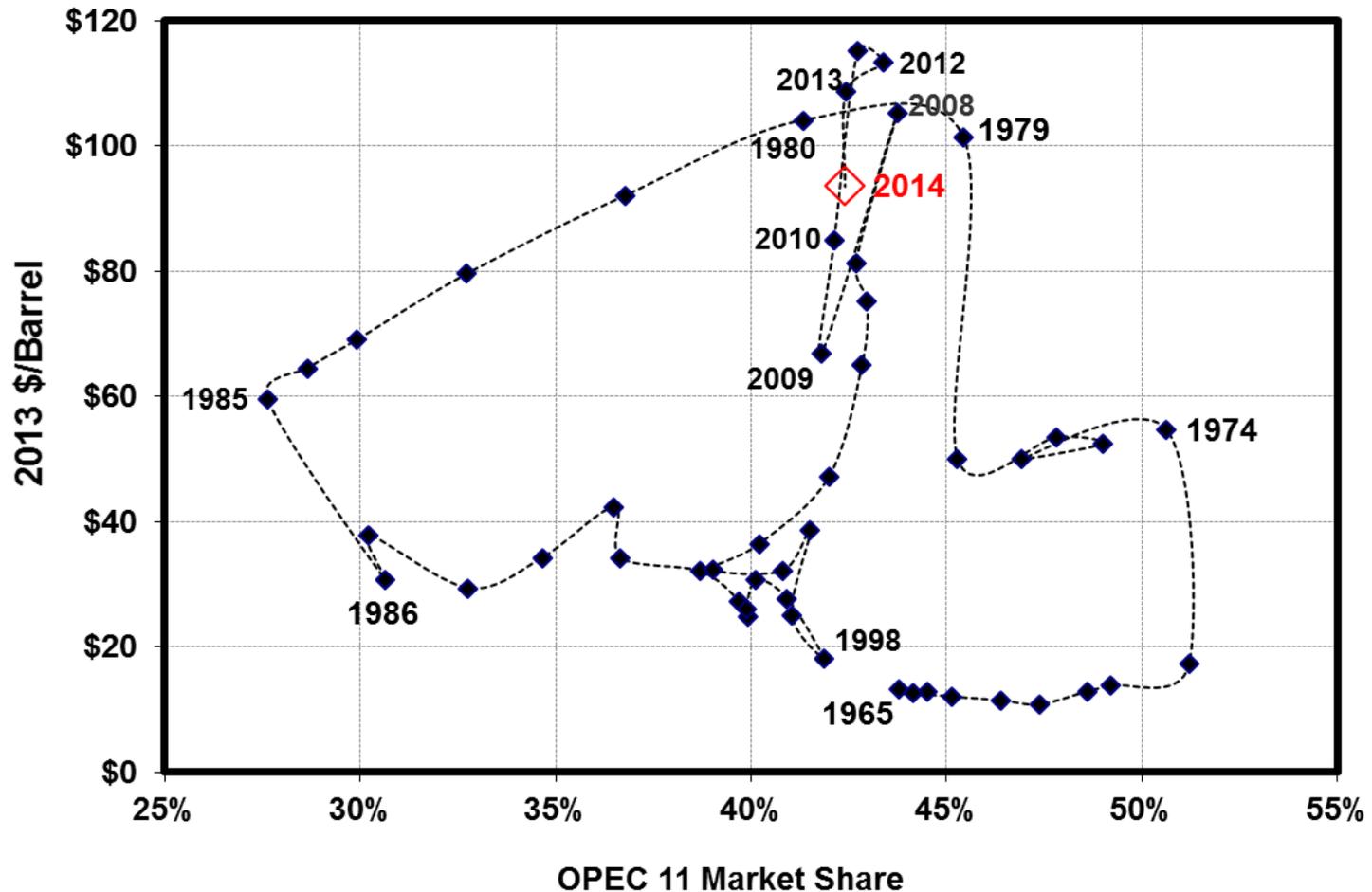
Are we in a new, high price, high volatility market?

After 4 years near \$100/bbl, oil prices dropped suddenly (again) below \$50/bbl in January 2015.



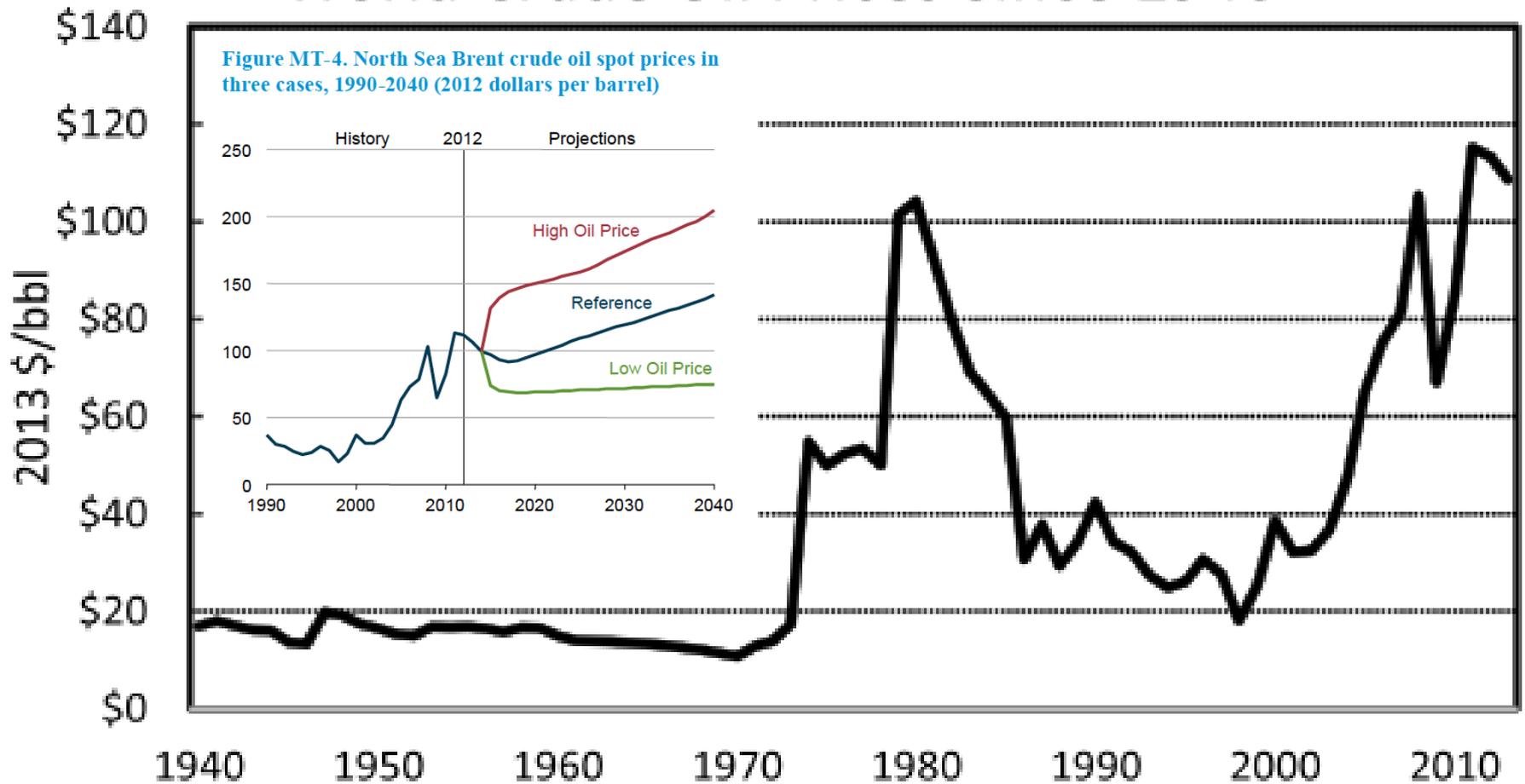
1. Markets are less sensitive to price.
2. Outside OPEC, oil costs more to produce.
3. OPEC has a different strategy.

OPEC Market Share and World Oil Prices: 1965-2013



Why would we expect future oil prices to be anything other than volatile?

World Crude Oil Prices Since 1940



Source: BP Statistical Review of World Energy 2014, workbook, "Oil - Crude Prices Since 1861".

What are the implications for U.S. oil dependence and alternative fuels?

- ***Alternative fuel vs. petroleum cost comparisons should be based on volatile future oil prices, not current oil prices.***
- Oil dependence will continue to be a serious economic, political and national security problem for many years to come.
- Substituting other sources of energy for petroleum will reduce US oil dependence costs.
- Reducing oil use continues to be an important strategy for GHG mitigation.

THANK YOU.